

## Child Care Programs

**Background.** The state makes subsidized child care services available to: (1) families on public assistance and participating in work or other activities conducive to employment; (2) families transitioning off public assistance programs; and (3) other families with exceptional financial need. Child care services provided within the California Work Opportunity and Responsibility to Kids (CalWORKs) program are administered by both the California Department of Social Services (DSS) and the California Department of Education (CDE), depending upon the family's progress in transitioning from welfare to work.

Child care services under Stage 1 are administered by DSS for families currently receiving public assistance, while Stages 2 and 3 are administered by CDE. Families receiving Stage 2 child care services have been deemed "stable" and are either receiving cash assistance or are in a two-year transitional period after leaving cash aid. Families receiving CalWORKS Stage 3 child care services have exhausted their two-year Stage 2 eligibility.

Child care services are available on a limited basis for families who demonstrate exceptional financial need (also known as the "working poor"), but who have not otherwise received assistance through the CalWORKS program. These services are delivered predominately through child care vouchers and child care centers. Under current practice, services to these two populations (former CalWORKS recipients and the "working poor") are supplied by the same group of child care providers; however, waiting lists are kept separate with priority being granted to the former CalWORKS recipients.

**2007-08 Child Care Highlights.** The proposed 2007-08 budget contains a total of \$2.3 billion (both General Fund and federal funds) to provide child care services to CalWORKS recipients, former CalWORKS recipients, and the "working poor." Funding for state and federal After School programs is excluded from this total and will be discussed separately.

### ***Budget Issues***

Unlike prior years, the Governor does not propose any major programmatic reforms to CDE-administered subsidized child care programs, he does however, propose to freeze the income eligibility limits for the subsidized child care programs at the current-year State Median Income (SMI) levels.

The Governor's proposal contains minor budgetary changes in Stage 2 and 3 CalWORKS child care, as well as General Child Care, consistent with caseload changes within those programs. The Governor does, however, call for substantial reform to the CalWORKS program (as discussed in the Social Services section of this document) which, in the out-years, may have an impact on child care caseloads. These changes will not impact child care caseloads in either Stage 2 or Stage 3 CalWORKS Child Care in the 2007-08 fiscal year.

Included in the 2007-08 proposal is a shift in the traditional mix of funding for Stage 2 Child Care services. While long-administered by CDE, this program has traditionally been funded with both federal TANF and Proposition 98 dollars. For example, in the current year, funding for Stage 2 child care totals \$425.2 million. Of that amount, \$56 million comes from Proposition 98 while \$369 million is from federal TANF funds. For the budget year, the Administration

proposes funding all but \$42.7 million of the \$447.4 million Stage 2 budget from Proposition 98 sources (including \$25.7 million from the Proposition 98 reversion account and \$13.25 million in other Proposition 98 Child Care carryover funds). While this fund shift has been described by some as "moving" Stage 2 Child Care "into" Proposition 98, staff notes that it is simply a reconfiguration of the current funding sources for a program which has already been funded with Proposition 98 dollars.

### **After School Programs**

**Background.** The state makes Before and After School Programs available to children statewide with funding provided by both the federal government (via the 21st Century Community Learning Centers Program) and the state General Fund.

In 2002, the voters approved Proposition 49 to increase the amount of state support available to Before and After School Programs. After several years of failing to meet the state General Fund revenue "trigger" contained in the initiative, the provisions of Proposition 49 went into effect in the 2006-07 fiscal year. This had the effect of requiring the state to quadruple (in a single year) the amount of funding it expends on state-funded After School Programs.

In the current year, the state is spending \$547.4 million General Fund to support After School Programs and the federal government is providing the state with \$162.6 million for a similar purpose. As a condition of Proposition 49, the State funds are continuously appropriated and are not appropriated in the annual Budget Act. Federal funds are appropriated annually in the Budget Act.

**2007-08 After School Program Highlights.** Funding for the State's After School program is proposed to remain constant at \$547.4 million, while federal support for the 21st Century Community Learning Centers Program is slated to decrease by \$33.6 million (to \$129 million), due to the absence of prior-year carry over funds which had been previously been available to supplement the program.

### **Preschool Programs**

The Governor generally proposes to maintain the State Preschool Program at existing levels. The program is proposed to increase by \$5 million over the revised current-year budget level of \$413.6 million. This increase is due to a \$5 million augmentation for child care/preschool "wrap around" services which seek to bridge care for children between the time a preschool program ends and child care program would begin. Funds were provided for this purpose in the current year from one-time sources and were statutorily appropriated (Chapter 211, Statutes of 2006). Additional funding is provided for caseload adjustments to account for 2,550 new children, which are expected into the state's preschool programs in 2007-08.

### **6120 California State Library**

There are no budget changes proposed for the Public Library Foundation (PLF), which, under the Governor's proposal, will remain funded at \$21.4 million. While this amount represents an

increase above the \$14.4 million provided in the 2005-06 Budget Act, it is still significantly below the 2000-01 funding level for the program, which exceeded \$56.8 million. Funds from the PLF are allocated to local libraries for general support, such as retaining library hours of operation; book and material purchases; and outreach services, such as the operation of bookmobiles.

**6360 California Commission on Teacher Credentialing**

The Commission on Teacher Credentialing (CTC) is responsible for the following:

- Issuing credentials, permits, certificates and waivers to qualified applicants;
- Enforcing standards of practice and conduct for license applicants and holders;
- Developing standards and procedures for the preparation and licensure of school teachers and school service providers;
- Evaluating and approving teacher and school service provider preparation programs; and
- Developing and administering competency exams and performance assessments.

The CTC currently receives approximately 250,000 annually for approximately 200 different types of credentials, emergency permits, and credential waivers.

<b>Summary of Expenditures</b>					
(dollars in thousands)					
	2005-06	2006-07	2007-08	\$ Change	% Change
General Fund	\$2,700	\$0	\$0	--	--
General Fund, Proposition 98	24,988	49,881	39,881	-\$10,000	-20.0
Teacher Credentials Fund	11,442	15,369	14,601	-768	-5.0
Test Development & Adm. Account	2,814	4,792	4,188	-604	-12.6
Reimbursements*	76	1,027	248	-779	-75.9
<b>Total</b>	<b>\$42,020</b>	<b>\$71,069</b>	<b>\$58,918</b>	<b>-\$12,151</b>	<b>-17.1</b>

**Governor’s Budget:** The Governor’s Budget proposes \$58.9 million for the CTC’s budget in 2007-08, a decrease of \$12.2 million from the 2006-07 budget. Most of this decrease is associated with the Governor’s proposal to add \$10 million in one-time General Funds (Proposition 98) for a new teacher recruitment program – EnCorps – in 2007-08. Funding for the EnCorps program would be available on a one-time basis beginning in 2007-08. However, because funds are appropriated from 2006-07 Proposition 98 settle-up funds, expenditures for this new, limited-term program are budgeted in 2006-07 and appear as a funding loss in 2007-08.

In addition, the budget proposes a net reduction of \$1.4 million in expenditures from the two special funds that support the CTC’s state operations -- the Teacher Credentials Fund and million

from the Test Development and Administration Account. This reduction reflects a \$1.5 million decrease in pro-rata charges assessed to the CTC and a \$100,000 increase for other baseline budget adjustments. In total, the Governor's Budget proposes to expend \$18.8 million from CTC's two special funds in 2007-08.

The Governor's budget provides \$39.9 million from the General Fund (Proposition 98) to support three local assistance education programs administered by the CTC – the Alternative Certification Program, Paraprofessional Teacher Training Program, and Teacher Misassignment Monitoring Program. This amount continues the \$6.8 million increase provided in the 2006-07 budget to improve and expand intern grants to school districts and county offices of education, pursuant to Chapter 517 (SB 1209/Scott).

The 2005-06 budget provided a \$2.7 million General Fund (Non-Proposition 98) appropriation to address a shortfall in special funds to support the CTC's state operations budget. These funds were provided on a one-time basis. Healthy fund balances were restored in 2006-07 and expenditures from the Teacher Credentials Fund and the Test Development and Administration Account were increased by \$2.7 million to offset the elimination of one-time General Funds.

### **Highlights**

**Healthy Fund Balances Estimated.** The Governor budget projects positive, healthy fund balances for CTC's two special funds in 2007-08. The budget estimates that the fund balance for the Teacher Credentials Fund will total nearly \$4 million in 2007-08, assuming two percent growth from 2006-07. Growth rate estimates will be updated at May Revise. Based upon the latest estimates from CTC, it is likely that the estimated growth rate and projected fund balances for the Teacher Credentials Fund will increase at that time. The budget also estimates that the fund balance for the Test Development and Administration Account will total \$1 million in 2007-08.

**Reduction in Pro-Rata Charges to CTC.** The Governor's Budget reflects changes in CTC's portion of the state administration, General Fund recovery adjustment, known as state agency pro-rata charges. This change, which is being applied to agencies statewide, reduces expenses for CTC by \$1.5 million in 2007-08.

**Create One-Time Teacher Recruitment Program.** The Governor proposes to provide \$10 million in one-time Proposition 98 funds to create the EnCorps Teacher program in 2007-08. This program is intended to add 2,000 experienced retirees to the teaching corps, particularly retirees with subject matter knowledge in several shortage fields -- math, science and career-technical education. The program is proposed as a public-private partnership between local education agencies and private business and industry. Once recruited by the EnCorps program, retirees would be prepared for teaching through existing internship programs with unspecified support from their current employers. Funding for this program would be available for a two-year period commencing in 2007-08.

**Continue Efforts/Progress in Reducing Credential Processing Time.** The Governor proposes to continue position authority provided in the 2006-07 budget to reduce credential processing time and backlogs. Specifically, the 2006-07 budget converted four high level positions in the Professional Services Division into seven technical positions in the Certification, Assignment and Waivers Division for this purpose. The Governor proposes to continue this authority for one additional year – until June 30, 2008. The Governor notes that while “significant” progress has been made in 2006-07, it is “critical” that efforts continue until the backlog is eliminated and processing time is below the 75-day standard.<sup>1</sup> The Governor also proposes to continue language requiring the CTC to submit quarterly reports to the Legislature, Legislative Analyst’s Office, Office of the Secretary of Education, and Department of Finance on the status of the credentialing backlog. These reports include information on the size of the current backlog as well as updated estimates as to when the backlog will be fully eliminated.

**Career-Technical Education Credentialing Reforms.** The Governor proposes to introduce legislation directing the CTC to streamline the credentialing process for career-technical education teachers. These efforts are intended to address 175 different credentials for career technical education teachers reflecting industries and trades in California. The Governor proposes that by September 30, 2007, the CTC establish a more streamlined list of credentials utilizing the 15 industry sectors included in California’s new curriculum standards for career-technical education.

**Continue Support for Teacher Data System Development.** The Governor’s budget provides \$1.4 million in one-time federal Title II funds to continue development of the California Longitudinal Teacher Integrated Data Education System (CalTIDES) in 2007-08. Of this total, the Governor provides \$248,000 for 2.5 limited-term positions and other expenses to CTC and \$1.2 million for one limited-term position and other expenses to the California Department of Education (CDE) for development of CalTIDES. The 2006-07 budget provided a total of \$938,000 in one-time federal Title II funds for this purpose -- \$252,000 for CTC and \$686,000 for CDE.

**Continue Support for the Teacher Performance Assessment.** The Governor’s Budget provides \$237,000 for 2.0 positions and other expenses to support administration of the Teacher Performance Assessment pursuant to Chapter 517, Statutes of 2006 (SB 1209/Scott).

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<sup>1</sup> The Governor’s Budget summary indicates that during 2006-07 the “credentialing backlog” has been reduced from 77,000 to 44,000 applications and reduced average processing time below the regulatory time limit of 75 days for both credential renewals and university recommended credentials for new teachers. According to CTC, the credentialing backlog has been further reduced to 31,000 applications.